



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Riverside Payroll Service Owner Sentenced to 37 Months Imprisonment for Tax Fraud and Embezzlement

Los Angeles – An owner of Paycare, Inc., a Riverside-based payroll service, was sentenced today to 37 months imprisonment for failure to pay federal payroll taxes intended for the Internal Revenue Service and embezzlement from a federally funded program.

Scott Willsea, 56, was further ordered by United States District Judge Manuel L. Real to pay restitution of \$1,873,617 to the victim clients.

According to the plea agreement filed in the case, from at least 2008 through March 2011, Willsea, along with his wife, Isabel Willsea, co-owned and operated Paycare. Paycare performed certain payroll functions for its client companies, including collecting and paying over to the IRS payroll taxes withheld from the wages of the clients' employees, as well as remitting the employer portion of the owed taxes.

During the 2009 and 2010 tax years, Willsea and Paycare prepared quarterly payroll taxes for at least 15 different client companies for which they failed to account for and pay over to the IRS the full amount of tax due and owed by each company. In at least 35 separate instances, Willsea collected from client companies of Paycare the entire amount they owed the IRS for payroll taxes and failed to pay the IRS the full amount. In each instance, Willsea kept a portion of the money for his own use and benefit.

For example, for the 2010 tax year, the company Of One Mind, LLC contracted with Paycare to prepare and pay to the IRS its payroll tax liability owed each quarter, which included both the taxes that were withheld from the wages of the client's employees, as well as the taxes owed by the employer. Paycare

accurately computed and collected One Mind's payroll tax liability of \$43,489.18 which was to be paid over to the IRS. However, Willsea only paid \$26,267.81 to the IRS, keeping the remaining balance of \$17,221.37 for himself.

Likewise, Paycare contracted with All Mission Indian Housing Authority, an agency of an Indian tribal government, to prepare and pay to the IRS its payroll tax liability owed each quarter for the 2010 tax year. During the taxable quarter ending on December 31, 2010, Paycare accurately calculated and collected All Mission's payroll tax liability of \$31,593.64 which was to be paid over to the IRS. Of this amount, Willsea only paid \$14,805.89 to the IRS, keeping the remaining balance of \$16,787.75 for himself.

The investigation and prosecution of Willsea was conducted by IRS Criminal Investigation, the Federal Bureau of Investigation, and the U.S. Department of Housing and Urban Development-Office of Inspector General, in conjunction with the United States Attorney's Office for the Central District of California.

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